

Message Text

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ORIGIN NEA-10

INFO OCT-01 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00 DOTE-00

EB-07 INR-07 NSAE-00 FAA-00 L-03 TRSE-00 OMB-01 /031 R

DRAFTED BY NEA/PAB:ASCHIFFERDECKER/MW

APPROVED BY NEA/PAB:PDCONSTABLE

EB/AV:WCOBB (SUBSTANCE)

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FM SECSTATE WASHDC

TO AMEMBASSY KABUL PRIORITY

C O N F I D E N T I A L STATE 177570

E.O. 11652: GDS

TAGS: EAIR, EINV, AF

SUBJECT: PANAM-ARIANA RELATIONS

REF: (A) KABUL 4846; (B) STATE 176343

1. NEA/PAB AND EB REPS MET JULY 28 WITH GEORGE HAMBLETON, DIRECTOR, INTERNATIONAL AFFAIRS, PANAM WASHINGTON OFFICE. FORMER KABUL ECON COUNSELOR BILL RAU ALSO SAT IN.

2. CONSTABLE INFORMED HAMBLETON THAT EMBASSY CONTINUED TO BELIEVE STRONGLY THAT COMPTROLLER ISSUE SHOULD BE SETTLED PRIOR TO AND SEPARATELY FROM ISSUE OF DIVESTITURE. HE EXPLAINED THAT PREMATURE EXPRESSION OF WILLINGNESS TO COMPROMISE ON COMPTROLLER DISPUTE MIGHT WELL JEOPARDIZE POSSIBILITY OF EQUITABLE SETTLEMENT ON INVESTMENT QUESTION, ESPECIALLY SINCE PANAM MIGHT LOSE CONTROL OVER ARIANA'S DOLLAR ASSETS. HE ADDED THAT EMBASSY CONCERNED ABOUT EFFECT NAJIB'S UNILATERAL ABROGATION OF AGREEMENT MIGHT HAVE ELSEWHERE. RAU GAVE FURTHER BACKGROUND ON COMPTROLLER ISSUE, EXPLAINING THAT GOA MINFINANCE AUDIT OF ARIANA BOOKS PART OF OVERALL EFFORT AND NOT RPT NOT DIRECTED AT ARIANA
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OR PANAM. HE SAID AMBASSADOR TOLD HIM PRIOR HIS DEPARTURE KABUL THAT HE WILLING TO ASSIST IN RESOLVING ISSUE INCLUDING GOING TO HIGHEST LEVELS IF NECESSARY. BOTH CONSTABLE AND RAU EMPHASIZED THAT USG HAS NO INDICATION GOA IS SEEK-

ING TERMINATION OF PANAM-ARIANA RELATIONSHIP AND THAT ON THE CONTRARY GOA APPEARED SATISFIED WITH PRESENT ARRANGEMENTS.

3. HAMBLETON SAID FROM HIS DISCUSSIONS WITH TRIPPE IT APPEARED LATTER VIEWED NAJIB'S DECISION ON COMPTROLLER AS VIRTUAL FAIT ACCOMPLI. HE WONDERED WHETHER AMBASSADOR MIGHT BE WILLING TO TAKE ISSUE UP AT HIGH LEVEL. FOLLOWING ITS RESOLUTION, COMPANY MIGHT BE ABLE TO DISCUSS EQUITY QUESTION SEPARATELY AS RECOMMENDED BY EMBASSY. HE SAID TRIPPE UNLIKELY TO GO TO KABUL SOLELY TO RESOLVE COMPTROLLER ISSUE SINCE FINANCIAL PROBLEM HIS HIGHEST PRIORITY.

4. CONSTABLE REPLIED THAT ASKING AMBASSADOR TO TAKE UP AT POLITICAL LEVEL WOULD BE ONE OPTION. HE SAID WE SHOULD NOT, HOWEVER, ASK AMBASSADOR ELIOT TO RESOLVE COMPTROLLER ISSUE WITH GOA BASED ON OUR DESIRE TO CONTINUE PARTNERSHIP AND THEN HAVE PANAM UNDERMINE HIS PITCH BY CASHING IN ITS CHIPS. HE EXPLAINED THAT WE VALUED PANAM-ARIANA PARTNERSHIP AS IMPORTANT COMPONENT OF OUR PRESENCE IN AFGHANISTAN BUT THAT DECISION WAS OF COURSE ONE FOR PANAM TO MAKE. IF PANAM BELIEVED IT IMPERATIVE THAT COMPANY REDUCE OR LIQUIDATE ITS ASSETS, WE WOULD PREFER REDUCTION TO TOTAL LIQUIDATION. IF DIVESTITURE TOOK PLACE, WE WOULD LIKE TO SEE PANAM RETAIN INFLUENCE ON AIRLINE THROUGH TECHNICAL SERVICES CONTRACT. CONSTABLE CAUTIONED THAT IT WOULD TAKE SOME TIME, POSSIBLY YEARS, FOR PANAM TO REALIZE ANY LIQUIDITY FROM DIVESTITURE, SINCE AFGHANS WOULD BE IN STRONG BARGAINING POSITION.

5. HAMBLETON REPLIED THAT HE WOULD DISCUSS FURTHER WITH TRIPPE. HE ASKED AGAIN IF AMBASSADOR ELIOT WOULD CONSIDER TAKING UP COMPTROLLER ISSUE AT HIGHER LEVEL THAN NAJIB. HE AGREED IT MIGHT BE BEST FOR TRIPPE NOT TO GO TO KABUL UNTIL WE HAD HEARD FROM AMBASSADOR, POSSIBLY DEFERRING UNTIL TRIPPE AND AMBASSADOR COULD DISCUSS SITUATION IN WASHINGTON WEEK OF AUGUST 4.
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6. FOR AMBASSADOR: SINCE PANAM MAY BE WILLING TO DEFER FOR THE MOMENT ON FINANCIAL ISSUE, WE THINK IT MIGHT BE USEFUL FOR YOU TO TAKE UP COMPTROLLER PROBLEM WITH EITHER PRESIDENT OR WAHEED ABDULLAH. WE LEAVE TO YOU WHETHER YOU SHOULD TAKE UP DURING YOUR FORTHCOMING MEETING WITH PRESIDENT (SEPTEL ON OTHER ISSUES). YOU SHOULD TIE ISSUE TO GENERAL QUESTION OF FOREIGN INVESTOR CONFIDENCE IN HONORING WRITTEN AGREEMENTS IN COUNTRY, RATHER THAN TO MAINTAINING PANAM-ARIANA PARTNERSHIP. YOU WILL APPRECIATE THAT PRESURES ON PANAM TO LIQUIDATE ANY POSSIBLE ASSETS ARE MOUNTING.

6. WOULD APPRECIATE ANY GOA REACTION THAT WE CAN PASS ON

TO PANAM. WOULD ALSO LIKE TO KNOW IF EMBASSY AGREES THAT
TRIPPE VISIT SHOULD BE DEFERRED UNTIL YOUR ARRIVAL
WASHINGTON. INGERSOLL

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